

PREMIUMS, EXPENSES AND UTILIZATION

The trend in per member per month inpatient hospital costs for all New Jersey HMOs collectively is illustrated below:

HOSPITAL INPATIENT PMPM COST FOR CALENDAR YEAR

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
\$45.52	36.47	32.62	34.01	39.11	41.44	48.02	51.26	50.78	46.60

The corresponding average hospital cost per day is presented below:

AVERAGE DAILY HOSPITAL INPATIENT COST

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
\$1236	1042	957	1023	1035	1140	1173	1244	1181	1404

Inpatient hospital utilization for the past 5 years is shown below:

HOSPITAL INPATIENT DAYS (all NJ HMOs)

	COMMERCIAL		MEDICARE		DHS PROGRAMS		TOTAL	
	DAY S	PER 1000	DAY S	PER 1000	DAY S	PER 1000	DAY S	PER 1000
1998	467,180	279	279,767	1,796	164,252	540	911,199	427
1999	480,994	281	484,974	2,607	151,553	390	1,117,521	489
2000	498,999	295	456,637	2,689	177,219	410	1,132,855	494
2001	538,737	335	417,233	2,785	240,190	427	1,196,160	516
2002	410,938	275	200,333	1,903	284,641	431	895,912	396